



# **Bulifants Senior Independent Living Apartments**

## **Fiscal Impact Study**

York County, Virginia

**Prepared by**

**Ted Figura Consulting**

**for**

**Marlyn Development Corporation**

Virginia Beach, Virginia

**August 3, 2016** Subtracting projected costs from revenues yields a positive overall cash flow (or revenues net of costs) for the development. In the stabilization year, the County is expected to receive more than \$129,000 annually in new revenue from the development of the Bulifants Senior Independent Living Apartments while incurring less than \$76,000 in new annual costs.

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## **Bulifants Senior Independent Living Apartments: Fiscal Impact Analysis**

### **Executive Summary**

The applicant, Marlyn Development Corporation, is seeking a rezoning of 5.1 acres along Bulifants Boulevard in the Bruton District from Economic Opportunity (EO) to Planned Development Residential (PDR) zoning to permit the development of a three and four story 145-unit, age and income-restricted apartment building (“Bulifants Senior Independent Living Apartments”). The apartments will be marketed to and occupied by active senior adults.

As proposed, this development is projected to have a positive fiscal impact on both the general fund and the enterprise fund of York County (“the County”) over an initial five-year analysis period and in its stabilization year. Because the apartments will be age restricted, there is no fiscal impact from students entering the York County public school system.

As noted above, the Bulifants Senior Independent Living Apartments will be occupied by active seniors. Age may be restricted at 55 years and older or 62 years and older (62 years and older was assumed in calculating the fiscal impact). Residents will also be restricted to households with a household income no higher than the area median income (AMI) determined by HUD. Sixty-one (61) 1-bedroom units and 84 2-bedroom units are proposed. Rents are expected to range from \$710 to \$850 per month initially. Based on these rents and HUD income limits, the average income for Bulifants Senior Independent Living Apartment dwellers was estimated to be \$31,550 annually, with household incomes not to exceed \$33,840, subject to changes in the AMI.

The table below summarizes the fiscal impact measures for the proposed development.

<b>Bulifants Senior Independent Living Apartments Fiscal Impact Measures, Combined General and Enterprise Funds</b>	
Stabilization Period	
Annual Revenues	<b>\$129,050</b>
Annual Costs	<b>\$ 75,775</b>
Cash Flow	\$ 53,275
Benefit-to-Cost Ratio	1.7-to-1
Cumulative Measures	
Total Revenues	<b>\$432,150</b>
Total Costs	<b>\$172,800</b>
Cumulative Cash Flow	\$259,350
Benefit-to-Cost Ratio	2.5-to-1

Figures rounded to the nearest \$25

A more detailed analysis follows.

## Background

Marlyn Development Corporation has proposed an age and income-restricted apartment development designed for low-moderate income active senior adults. The J-shaped, three and four story building is planned to contain 61 1-bedroom units and 84 2-bedroom units. A community room and fitness center is planned to be located on the first floor behind the leasing office. The apartments will also house arts & crafts and game rooms, a beauty salon, a business center, media room and indoor mail boxes. Garden plots are planned for the grounds and the entrance to the building will be monitored. The developer plans to provide van transportation, as well as planned activities and events. Apartments will be equipped with energy star appliances, a washer and dryer, a walk-in-shower, grab bars, and a balcony or patio. All services, including salon services, will be included in the rent, as will water, sewer and basic cable costs.

The Bulifants Senior Independent Living Apartments or “the development,” will be located on a 5.1 acre site located at the Towne Park Center development on Bulifants Boulevard in York County (the “site”). Towne Park Center is a part of International Center in the Bruton District near Mooretown Road. Town Park Center is currently in receivership, with one mostly vacant office building that was developed in the mid-2000s. The site is comprised of Parcels 002-19-10 and 002-19-9, which would be combined by the developer/applicant. The applicant wishes to rezone these parcels from the existing Economic Opportunity (EO) zoning to Planned Development Residential (PDR) in order to construct the development.

The 1-bedroom units at the Bulifants Senior Independent Living Apartments would have one full bath and lease initially for about \$710 per month. The 2-bedroom units would contain 1 ½ baths and lease initially for about \$850 per month. The fiscal impact analysis was conducted assuming an age restriction of 62 years and older, although the possibility exists that the development may permit households of 55 years and older. The development is designed for active adults who can live independently.

Residence will also be restricted to households with a household income no higher than the area median income (AMI) determined by HUD. Based on these rents and HUD income limits, the average income for Bulifants Senior Independent Living Apartment dwellers was estimated to be \$31,550 annually, with household incomes not to exceed \$33,840, subject to changes in the AMI. This compares to a 2015 average income of \$95,975 for York County. Thus, by providing affordable housing opportunities for the County’s low-moderate income elderly population, the proposed development will enhance income diversity within the County.

Construction of the Bulifants Senior Independent Living Apartments is expected to begin early in the second quarter of 2017 and be completed by mid-2018. Occupancy will occur at the start of fiscal year 2019, with a 3% vacancy rate assumed. Fiscal year 2020 will be the development’s stabilization year, the year beyond which all costs and revenues do not change.

These parameters are best estimates of the scope of the proposed development made by the applicant at this point in time. The specifics of the proposed development are subject to change based upon final determinations of site constraints and/or market conditions. Descriptions of the proposed development contained herein are not guarantees by the applicant that the proposed development will be constructed exactly as described above. However, the basic elements of the proposed development are those outlined above. Any change in the fiscal impact of the proposed development on the County due to minor changes in the scope of the proposed development are expected to be in the magnitude of projected revenues and costs and are expected to be in practically the same proportion of revenues to costs as estimated in the fiscal impact analysis report.

### Methodology

The fiscal impact of the Bulifants Senior Independent Living Apartments on York County was calculated using the methodology described below. Fiscal impact is defined as the difference between all revenues to the County generated by the development and all costs to the County attributable to the development. Revenues and costs are described in further detail below. The fiscal impact of a by-right development was not calculated because development of the site in office use under its current zoning is highly improbable, given current and foreseeable market conditions.

The fiscal impact was calculated over a five-year period. This period was chosen for convenience since the development's stabilization year occurs in the fourth year of the analysis period. The stabilization year is the year following the completion of all phases of a project (the year beyond which the fiscal cash flow from the development does not change).

All fiscal impacts are presented in constant 2017 dollars, (i.e., inflation is not applied to either revenues or costs throughout the analysis period). A constant in 2017 dollars was chosen because the analysis is substantially based on the revenue, cost and tax rate assumptions contained in the *York County FY 2017 Adopted Annual Budget*.

The constant dollar approach means that no assumptions are made about rates of increase in real estate assessments in the County. Also, no assumptions are made about increasing tax revenues from sales, meals or business license taxes based upon retail price increases. Neither are assumptions made about future increases in the unit costs of government. The practical implication of this approach is that any future systemic imbalances between rising revenues and rising costs are assumed to be adjusted through changes in the County's tax rate, either upward or downward.

A marginal revenue/marginal cost approach was used to calculate expected revenues and costs to the County attributable to the development. This is opposed to an average revenue/average cost approach, in which estimates of a project's revenues and costs are based upon a jurisdiction's per-capita revenues and costs. The marginal revenue/marginal cost methodology counts only variable costs and revenues and, thus, does not count fixed costs and revenues that would be spent or received by the County whether additional development occurs or not. It counts only revenues and costs attributable to an increase in the number of households from the development being analyzed.

It is, thus, a more accurate estimate of future revenues and costs resulting from a development than is the average revenue/average cost approach. The average revenue/average cost approach actually calculates a project's "fair share" of public costs, rather than the incremental impact of a project on a locality's fiscal position. A more detailed description of the methodology used in this analysis is presented in the Appendix.

Revenues estimated for the Bulifants Senior Independent Living Apartments fall into three categories: one-time direct revenues, recurring direct revenues and additional tax revenues generated by households. The methodology does not use multipliers to calculate revenues that could be generated through a project's secondary impacts, as such multipliers are considered to be unreliable for small geographic areas. The methodology does not include revenues generated from spending by construction workers at the Bulifants Senior Independent Living Apartments, as such spending cannot reliably be said to occur within the County.

One-time direct revenues are revenues to the County derived from the construction of the Bulifants Senior Independent Living Apartments. They include all plan review fees, building permit and associated fees (electrical, mechanical and plumbing), other development fees, including water and sewer connection fees. They would include the value, at cost, of any off-site improvements constructed by the developer and donated to and benefitting the County, though no such improvements are anticipated as necessary by the developer. No cash proffers are assumed for the Bulifants Senior Independent Living Apartments as part of the fiscal impact analysis.

Recurring direct revenues consist of real estate property taxes, personal property taxes (car tax), car rental tax, motor vehicle registration fee, business personal property tax paid by the apartment owner, sewer collection fee, and other fees paid by households to the County (including the County's utility consumption tax). These are taxes and fees paid directly to the County by households and/or property owners. Taxes currently paid on the assessed value of the site's land were deducted from real estate property tax calculations. Taxes and fees were calculated based upon estimates of the assessed property values, the County's per-household user fees or other methodologies explained in the Appendix.

Additional tax revenues generated by households are estimates of taxes paid by York County businesses due to purchases made by Bulifants Senior Independent Living Apartments residents. These include the local option sales tax, meals tax, cigarette tax, and the business license fees paid by businesses on gross receipts from these sales. The methodology for estimating net new sales is presented in the Appendix.

Purchases by Bulifants Senior Independent Living Apartments residents are estimated based upon spending patterns according to household estimated income. Expenditures per household were also adjusted for spending patterns by age and, where appropriate, by tenure. Spending patterns are derived from the most recent U.S. Bureau of Labor Statistics Consumer Expenditure Survey. An adjustment was made for purchases made outside the County. The methodology for estimating these revenues is presented in the Appendix.

No generated taxes were estimated for construction workers or employees of businesses located in York County, as these employees were assumed either to be already living and spending in York County or living outside the County and, thus, spending most of their income outside the County.

Costs were divided into three categories: variable operating costs of government per household and per business, general government capital costs (if any) and public utilities costs. However, no capital costs or costs to the County's enterprise fund are anticipated. Cost data and assumptions were derived from the *York County FY 2017 Adopted Annual Budget*.

Per household and per business costs were calculated for various budget line items. State and federal revenues supporting various budget line items were deducted to leave only the County's operating cost. Certain government functions, such as public assistance and public health services, that would not serve the Bulifants Senior Independent Living Apartments population were not included in the calculations (such services are provided to low and very-low income households and Bulifants Senior Independent Living Apartment residents are expected to be above those income levels). Chief executive, legislative and administrative functions, which would be performed regardless of population size, were not included in the calculations. A percentage of certain administrative support services, to the extent that they support operations which would be provided independent of population size, were not included in the calculations. The methodology for estimating the cost of government is presented in more detail in the Appendix.

Three measures of fiscal impact were used—cash flow, cumulative cash flow and the benefit-to-cost ratio. Cash flow shows the annual surplus or deficit of revenues less costs for a sample of ramp up years through the stabilization year. Because revenues and costs are reported in constant dollars, there is no change in the projected cash flow after the stabilization year.

Cumulative cash flow is the sum of annual cash flows over the analysis period. Another way of explaining cumulative cash flow is that it is derived by subtracting total costs to the County attributable to a project from total revenues to the County derived from a project over the analysis period, leaving the County's total net revenue from a project.

Finally, the benefit-to-cost ratio is the ratio of total project revenues to the County and total project costs to the County. A benefit-to-cost ratio greater than 1.0-to-1 signals a net fiscal benefit. The magnitude of the benefit-to-cost ratio signals the strength of the fiscal impact on the County. For instance, a benefit-to-cost ratio of 1.5-to-1 indicates that for every additional dollar of spending a project costs the County, the County is expected to receive \$1.50 in additional revenue.

#### Fiscal Impact of the Bulifants Senior Independent Living Apartments

Marlyn Development Corporation is seeking a rezoning of the site to Planned Development Residential (PDR). This zoning would permit the development described above. The derivation of the revenues and costs attributed to the Bulifants Senior Independent Living Apartments are described in the Methodology section, above, and in the Appendix. The revenues projected for the Bulifants Senior Independent Living Apartments are listed in the Table 1 on the following page. Costs generated by the Bulifants Senior Independent Living Apartments are displayed in Table 2, located on page 9. Both revenues and costs are shown for the stabilization year and the total for the five-year analysis period (FY 2017-FY2021).



<b>Table 1</b> <b>Bulifants Senior Independent Living Apartments</b> <b>Projected Revenues</b>		
Revenue Type	Annual Revenues, Stabilization Year	Five-Year Total
Current Real Estate Tax	\$ (6,675)	\$(33,350)
Real Estate Property Tax, Land	\$ 3,950	\$ 25,225
Real Estate Property Tax, Improvements	\$ 42,350	\$127,025
Personal Property (Car) Tax, Motor Vehicle		
Registration Fee, Car Rental Tax	\$ 15,075	\$ 34,350
Communication Sales Tax, Utility		
Consumption Tax, and other fees	\$ 8,300	\$ 18,975
Business Personal Property Tax	\$ 600	\$ 1,500
<i>Subtotal Direct Taxes</i>	<i>\$ 63,600</i>	<i>\$173,700</i>
Additional Revenues Derived from Households	\$ 20,825	\$ 47,475
<b><i>General Fund Annual Revenues</i></b>	<b><i>\$ 84,425</i></b>	<b><i>\$221,175</i></b>
Sewer Collection Fee	\$ 44,625	\$101,725
<b><i>Enterprise Fund Annual Revenues</i></b>	<b><i>\$ 44,625</i></b>	<b><i>\$101,725</i></b>
<b>Subtotal Annual Revenues</b>	<b>\$129,050</b>	<b>\$322,900</b>
Building Permit and Review Fees		\$ 77,625
Development Review Fees		\$ 2,150
Certificate of Occupancy Fees		\$ 75
<b><i>General Fund One-time Revenues</i></b>		<b><i>\$ 79,850</i></b>
Sewer Development Fees		\$15,150
Water Development Fees		\$14,250
<b><i>Enterprise Fund One-time Revenues</i></b>		<b><i>\$29,400</i></b>
<b>Subtotal One-time Revenues</b>		<b>\$109,250</b>
<b>Total Revenues</b>		<b>\$432,150</b>
<b><i>General Fund Revenues</i></b>		<b><i>\$301,025</i></b>
<b><i>Enterprise Fund Revenues</i></b>		<b><i>\$131,125</i></b>

Figures rounded to the nearest \$25.

Subtracting projected costs from revenues yields a positive overall cash flow (or revenues net of costs) for the development. In the stabilization year, the County is expected to receive more than \$129,000 annually in new revenue from the development of the Bulifants Senior Independent Living Apartments while incurring less than \$76,000 in new annual costs.

<b>Table 2</b> <b>Bulifants Senior Independent Living Apartments</b> <b>Projected Costs</b>		
<b>Projected Operating Costs</b>	<b>Annual Costs, Stabilization Year</b>	<b>Five-Year Total</b>
General Government Service Operating Costs	\$75,775	\$172,800
General Government Service Capital Costs		\$ 0
Education Operating Costs	\$ 0	\$ 0
Education Capital Costs		\$ 0
Total General Fund Costs	\$75,775	\$172,800
Enterprise Fund Costs	\$ 0	\$ 0
<b>Total Operating Costs</b>	<b>\$75,775</b>	<b>\$172,800</b>

Figures rounded to the nearest \$25.

Annual cash flow from the Bulifants Senior Independent Living Apartments is shown in Table 3 below. Cash flow is shown for the general fund and the County's enterprise fund separately. In the stabilization year, the County is expected to see net new revenues (revenues less costs) of almost \$55,000 annually. Of this revenue surplus, almost \$8,500 is projected to enter the County's general fund and almost \$45,000 is projected to be earned by the County's enterprise fund. This fund, though separate for accounting purposes, ultimately impacts the County's general fund. Surpluses are either transferred into the general fund or the funds would be used to enable a faster repayment of debt service, which would result in larger surpluses transferred to the general fund in the future.

<b>Table 3</b> <b>Bulifants Senior Independent Living Apartments</b> <b>Projected Cash Flow through Stabilization Year</b>				
	FY 2017	FY 2018	FY 2019	Stabilization Year FY 2020
General Fund Revenues*	\$31,125	\$48,725	\$52,350	\$ 84,425
Enterprise Fund Revenues	\$29,400	\$ 0	\$12,475	\$ 44,625
Total Revenues	\$60,525	\$48,725	\$64,825	\$129,050
General Fund Costs	\$ 25	\$ 25	\$21,200	\$ 75,775
Enterprise Fund Costs	\$ 0	\$ 0	\$ 0	\$ 0
Total Costs	\$ 25	\$ 25	\$21,200	\$ 75,775
General Fund Cash Flow	\$31,100	\$48,700	\$31,150	\$ 8,650
Enterprise Fund Cash Flow	\$29,400	\$ 0	\$12,475	\$ 44,625
Total Cash Flow	\$60,500	\$48,700	\$43,625	\$ 53,275

Figures rounded to the nearest \$25.

\*The "cost" of taxes currently collected on the site is subtracted from General Fund revenues

Table 4, below, shows the fiscal impact measures for the Bulifants Senior Independent Living Apartments. These are positive with benefit-to-cost ratios in the stabilization year of 1.7-to-1 for the combined funds, meaning that the County is expected to receive almost \$1.70 in revenue for every dollar of cost attributed to the development. Over a five year period, the County can expect to receive between almost \$260,000 in net new revenue from the development and earn \$2.50 for each \$1.00 invested in costs. The higher benefit-to-cost ratios for the five year period are due to the presence of one-time revenues. While fiscal impact measures for the general fund are smaller, they are still expected to be positive. The County's enterprise fund will receive significant surplus revenues due to the development of the Bulifants Senior Independent Living Apartments and these revenues ultimately translate into less financial pressure on public enterprise customers and the County's general fund.

<b>Table 4</b> <b>Bulifants Senior Independent Living Apartments Fiscal Impact Measures,</b> <b>General and Enterprise Funds</b>		
	Stabilization Year	Five-Year Total
General Fund		
Cumulative Cash Flow	N/A	\$128,225
Benefit-to-Cost Ratio	1.11-to-1	1.74-to-1
Total All Funds		
Cumulative Cash Flow	N/A	\$259,350
Benefit-to-Cost Ratio	1.7-to-1	2.5-to-1

# **Bulifants Senior Independent Living Apartments**

## Appendix

### Methodology

## Approach

This study examines the revenues to be received by York County generated by the proposed Bulifants Senior Independent Living apartments to be developed on Bulifants Boulevard in the Bruton District of the County and all costs to the County attributable to that development.

Only variable revenues and costs are counted in the impact study. This means that, rather than applying per capita/employee or per household/business total revenue and total County per capita/employee or per household/business expenditures to the Bulifants Senior Independent Living Apartments, only those incremental revenues and costs that the County will actually receive or incur due to the increase in households and the additional retail development are counted as having an impact. Fixed costs that do not rise as population or households increase incrementally are not counted as having a cost impact.

Revenues include one-time direct revenues, annual direct revenues from the project and tax revenues generated by households. One-time direct revenues are revenues to the County derived from the construction of the Bulifants Senior Independent Living Apartments. They include all building permit and associated fees (electrical, mechanical, plumbing, water, sewer and natural gas), various development fees and certificate of occupancy fees. There are no public improvements that will be constructed or paid for by the applicant for the benefit of the County.

Annual direct revenues include: real estate property taxes, personal property taxes and user fees (the local portion of the communication sales tax, miscellaneous fees and fines, and the County's utility consumption tax calculated per household), as well as business personal property taxes paid on equipment owned by the apartments. Additional tax revenues generated by residents at the Bulifants Senior Independent Living Apartments are estimates of taxes paid by York County businesses due to purchases made by households occupying the Bulifants Senior Independent Living Apartments.

Costs include operating costs of government per household and certain capital costs incurred by general government (if any). Cost data and assumptions were derived from the *York County Fiscal Year 2017 Adopted Annual Budget*. The methodology for performing these calculations is explained in the "Cost Calculation" section, below.

Additionally, a separate analysis was performed to include variable costs and revenues incurred and received by the County's enterprise funds. While the Bulifants Senior Independent Living Apartments will be served by Newport News Waterworks, the County's water utility enterprise fund will receive a system facility fee from the developer, as will its sewer utility enterprise fund. No costs or revenues were attributable to solid waste fund and no costs were attributable to the sewer or water utility fund.

While enterprise funds are designed to be self-sustaining fiscal entities, net (surplus) revenues received by these funds constitute a “profit” generated by the fund. This profit can be used to reduce customer user charges or to retire debt more quickly, or the surplus revenue may be transferred to the County’s general fund as revenue to that fund. In any case, incremental costs and revenues to the County’s enterprise funds generate a fiscal impact, though not necessarily to the County’s general fund.

In the enterprise fund analysis, sewer and water system facility fees were included as one-time revenues. Sewer service user fees were included as annual direct revenues. Costs and revenues for solid waste management costs were not included as the development will be served by a private waste hauler. Sewer billing costs were included as a variable cost. There will be no new sewer lines extended and, thus, no new sewer maintenance cost for the County.

All impacts are presented in constant 2017 dollars. Inflation is not applied to either revenues or costs throughout the analysis period. The constant dollar approach also means that no assumptions are made about the rate of real estate assessment increases in the County. No assumptions are made about future increases in business tax revenues based upon price increases. Neither are assumptions made about future increases in the unit costs or revenues of government. The practical implication of this approach is that any systemic future imbalances between rising (or falling) revenues and rising costs will be adjusted through changes in the County’s tax rate, either upward or downward.

The fiscal impact is calculated through the stabilization year (the year in which all costs and revenues have been realized). The stabilization year for the proposed development is expected to be FY 2020. Because revenues and costs are reported in constant dollars, there is no significant change in the projected cash flow after the stabilization year. However, for convenience, the analysis period was extended through FY 2021, creating a five-year analysis period.

Throughout, revenue and cost data are estimated on a per-household basis. The projected number of households in the County in 2017 (27,600) was estimated by multiplying the number of households reported in the 1-year 2014 U.S. Census American Community Survey (ACS) by the estimated rate of household increase. The estimated rate of household increase (8% over a 3 year period) was calculated as the percentage household increase from 2011 to 2014 derived from the ACS.

The calculation of per-household costs for services delivered to both households and businesses (see under “Cost Calculations,” below, for a description of this methodology) entails an estimate of the number of businesses located in the County. The number of business establishments in the County (1,534) was derived from the Virginia Employment Commission’s Quarterly Census of Employment and Wages (3rd quarter 2015). No increase in the number of businesses was projected for 2015-2017. The business firm, rather than a per-employee measure, was deemed to be a more appropriate unit to measure the delivery of most County services to the business community.

### Parameters and Assumptions

The applicant is proposing the construction of approximately 145 residential apartment units to be constructed on parcels 002-19-09 and 002-19-10, which will be combined into one parcel. The development will be a senior independent living community with residency age restricted (probably 62 years and older) and income restricted with the maximum income to be 60% of HUD-designated Area Median Income (AMI). The development is expected to fill a need for affordable rental apartments for active adults providing a wide range of community amenities. Of the 145 apartment units, 61 are planned at this time to be 1 bedroom with 1 bath and 84 are planned to be 2 bedroom with 1 ½ baths, subject to adjustment as development plans are finalized.

Construction would begin about six months after rezoning approval. For analysis purposes, a construction start date of April 2017 was assumed. The construction period is expected to last 14 months and the development is assumed to open in July 2018. The project will be constructed as a single 180,000 square foot 3-4 story building with elevators. Rents for the 1 and 2-bedroom units are expected to initially be \$710 and \$850 per month, respectively. A 3% vacancy rate was assumed based on the developer's expectations. The apartments are expected to be fully leased within six months of opening. Thus, the project's stabilization year (the year beyond which costs and revenues do not change) was determined to be FY 2020. Therefore, a five-year analysis period (FY 2017-FY 2021) was used.

These parameters are best estimates of the scope of the proposed development made by the applicant at this point in time. The specifics of the proposed development are subject to change based upon final determinations of site constraints and/or market conditions. Descriptions of the proposed development contained herein are not guarantees by the applicant that the proposed development will be constructed exactly as described above. However, the basic elements of the proposed development are those outlined above. Any change in the fiscal impact of the proposed development on the County due to minor changes in the scope of the proposed development are expected to be in the magnitude of projected revenues and costs and are expected to be in practically the same proportion of revenues to costs as estimated in the fiscal impact analysis report.

### *By-Right Assumptions*

The proposed development is located in the Towne Park Center development, a privately owned small business park that is a part of the larger International Center development located in the northern part of the County (Bruton District"), near Lightfoot. The site is zoned EO (Economic Opportunity), which permits a variety of uses including: manufacturing and other industrial uses, office development, retail development, hospitality and other tourism related uses including tourist attractions, and mixed-use development. However, the site has been programmed for small office cluster development and one office cluster has already been developed.

Three lots and five office condominiums in the existing buildings are currently for sale. Only one office condominium in the existing building is occupied. Development of this property commenced in 2005 and in 2009 Towne Bank of Phoebus, the financing institution, foreclosed on the property. The inactivity that the property has experienced for the past decade demonstrates the economic and market challenges of developing this property further in its by-right use. A by-right development of the site is, therefore, deemed highly unlikely to occur in the foreseeable future. For this reason, no fiscal impact for an alternative by-right development was calculated and the net fiscal impact of the proposed development is equal to its primary fiscal impact.

### Revenue Calculations

Revenues estimated for the Bulifants Senior Independent Living Apartments fall into three categories: one-time direct revenues, direct revenues and additional tax revenues generated by residents of the Bulifants Senior Independent Living Apartments. The methodology does not use multipliers to calculate revenues that could be generated through the project's secondary impacts, as such multipliers are considered to be unreliable for small geographic areas. The methodology does not include revenues generated from spending by construction workers as this cannot reliably be said to occur within the County.

As noted above, one-time direct revenues are revenues to the County derived from the construction of the Bulifants Senior Independent Living Apartments. They include all building permit and associated fees (electrical, mechanical and sprinkler system, plumbing, water, sewer and natural gas), various development fees and certificate of occupancy fees. Also, as noted above, the enterprise fund alternative analysis includes sewer and water connection fees. A single certificate of occupancy permit was assumed.

Building permit fees were calculated using the fee schedule from the County's website. For the purpose of calculating plumbing permits, each 1-bedroom apartment unit was assumed to have 1 bath and each 2-bedroom unit was assumed to have 1 ½ baths, with each unit assumed to have a sink, dishwasher, washing machine and water heater. The leasing office was assumed to contain a unisex half bath and a set of men's and women's restrooms was assumed to serve the community area, with each restroom containing 5 plumbing fixtures.

For the purposes of calculating electrical permits, each apartment unit was assumed to have a 150 amp service with the common/office area having three 400 amp electrical services, all single phase. The apartment building is assumed to be sprinklered. The cost of each sprinkler system was estimated to be \$2.00 per square foot, based on a recent cost estimate for another retail development within the region. Each apartment unit is assumed to be served by natural gas with 1 outlet per unit. One elevator was assumed.



A water/sewer permit was assumed to be required for the apartment building. Sewer and water meter connection fees, which are paid to the County's sewer and water utility enterprise funds, respectively, are the system facility charges stated in the County Code. The water system facility fee was deemed applicable to the development because the County had extended water lines to the site. The apartments were assumed to have at least a 1 1/2" meter (possibly 2", though 1 1/2" was used to estimate fees).

Sign permit fees were as stated in the County Code. One monument sign between 51 and 100 square feet was assumed for the development. Based on the applicant's concept plan, no street signs were assumed.

Plumbing, electrical and mechanical permits were assumed to be paid prior to rough in and the sign permit prior to construction completion (FY 2018). All other permits were assumed to be paid in FY 2017.

Development fees included site plan, site improvement and site inspection fees; erosion and sediment control fees; and certificate of occupancy fees. It is assumed that the applicant will submit all plans in the County's approved digital format and that review fees will, thus, be waived. Fees used were as stated in County's Code (Sec. 7.1-8). Development fees were calculated on data pertaining to the proposed development provided by the applicant.

Annual direct revenues include: real estate property taxes, personal property taxes, user fees (the local portion of the communication sales tax, miscellaneous fees and fines, and the County's utility consumption tax per household) and business personal property taxes levied on equipment owned by the project's owner (estimated at \$60,000 by the developer). These taxes are paid directly to the County by households and the owner of the Bulifants Senior Independent Living Apartments. They are calculated based upon estimates of the assessed property values, per household personal property taxes adjusted for income status, an estimate of business equipment cost provided by the developer, stated rates and per-household revenues calculated from data in the *FY 2017 Adopted Annual Budget*. The County's sewer fee was included as revenue to the County's enterprise fund separately in the impact analysis. A solid waste fee was not calculated because the apartments will be served by a private waste hauler.

#### Real estate property taxes

York County's real estate assessment of the Bulifants Senior Independent Living Apartments was estimated by applying a rental income-based approach derived from a correlation of per-unit assessments to average rent in a sample of similar multi-family developments located in York County. This yielded a formula which calculates the real estate assessment of improvements per \$25 of average monthly apartment rent. This formula was developed and has been tested on an extensive data set of apartments in Newport News and was found to be highly accurate in its predictive capability. The model has also been found to be accurate in predicting apartment assessments in other Hampton Roads communities using smaller data sets of comparable apartments.

Originally, five senior and/or income restricted apartment complexes located in York County and Newport News were examined: Forrest Pines Senior Apartments (developed by Marlyn Development) and Silver Hill at Arboretum in Newport News and Rivermeade Apartments (age restricted), Yorktown Square I and II, and Woods at Yorktown. All had rents ranging from \$623 to \$750 for 1 bedroom apartments (for complexes offering one-bedroom apartments) and from \$689 to \$890 for 2 bedroom units. After examining the results of the analysis, it was determined that Newport News assessments per unit and per \$25 of rent were significantly higher than those for York County, suggesting that York County underassesses apartment buildings in this rent range compared to the City of Newport News. Therefore, only the three York County comparables were used to derive the assessment formula used in this fiscal impact analysis.

For these comparables, the average rent was \$713. The average assessment per \$25 of rent was \$1,094.50 (the average assessment per unit was \$31,225). At \$791 per month, the average rent for the Bulifants Senior Independent Living Apartments will be somewhat higher than the average for the three York County comparables. Assessments per \$25 of rent tend to increase as average rent increases and, based on a regression model for a full data set, it was calculated that the assessment per square foot to be applied to the Bulifants Senior Independent Living Apartments would increase about 2% to \$1,116.39 per \$25 of rent due to the higher average rents compared to the comparables. A 10% premium was also added for new construction.

This formula was then applied using Bulifants Senior Independent Living Apartment rents. With an average monthly rent of \$791.10, the assessed value of the Bulifants Senior Independent Living Apartment improvements was calculated as \$5,634,700, or \$38,860 per unit. The per-unit assessment includes the distributed assessment for amenities.

Since the formula referenced above calculates improvement assessments only, land assessment for the Bulifants Senior Independent Living Apartments was calculated separately. The Woods at Yorktown is located on a 25 acre site, much of which is wooded. The land assessment for this property (\$48,708 per acre) was considered unusually low. Therefore, the per acre land assessments for the remaining two properties (which are located adjacent to each other) was averaged, yielding about \$130,700 per acre. This was used to estimate the land assessment for the Bulifants Senior Independent Living Apartments, yielding an assessed value for land of about \$516,200, rounding to the nearest \$100. Land at its existing assessed value was converted to the new assessment upon completion of the apartments. This is a reduction from the current assessed land value of \$888,000 and the difference was counted as negative revenue for the fiscal impact analysis.

### Personal property (car) taxes

Personal property taxes were calculated per Bulifants Senior Independent Living Apartment household and adjusted for differences in automobile expenditures based on income relative to the County's general population and on age, as well as tenure. The base car tax per vehicle was calculated by calculating the County's total car tax revenue (PPRTA received from the Commonwealth estimated by the County in its *Fiscal Year 2017 Adopted Annual Budget* divided by the percentage [52.5% in 2016, the latest year available] of car tax relief obtained from the County's Commissioner of the Revenue) divided by the number of vehicles in the County, as reported in the U.S. Census Bureau American Community Survey (ACS).

The County's average car tax paid per vehicle (\$333.65) was adjusted by multiplying this average by a factor calculated by dividing the expected automobile purchase expenditure for each residential product's (rent level) income by the expected automobile purchase expenditure for the County's average household income. Automobile expenditures per household for various income levels and age groups were derived from the most recent (2015 Mid-Year) U.S. Bureau of Labor Statistics Consumer Expenditure Survey (CES).

Estimated expenditures by income level were also adjusted for age differences in purchase patterns. Adjustments for age were made by dividing the average expenditure for households over age 65 by the average expenditure for all households in the income group of the average income of age-over-65 households. This income and age-adjusted estimate of car tax per vehicle was then multiplied by the estimated number of vehicles owned by residents of the Bulifants Senior Independent Living Apartments (for each rent level). The number of vehicles owned by households at each rent level was adjusted for differences in vehicle ownership by income using the same methodology used to adjust the average car tax per vehicle. The number of vehicles owned per household was then adjusted for ownership patterns of households age 65 and older using the same methodology described above. The number of vehicles owned per household was then adjusted for differences in ownership patterns of renters by dividing the average number of vehicles owned per renter household in York County by the number of vehicles owned per all households in York County. This result was then multiplied by the number of Bulifants households at each rent level.

These calculations can be represented by the formula below and on the following page:

$$PPT = \sum PPT/V_{BU} \times V/HH_{BU} \times HH_{OBU}$$

Where, PPT = Total personal property tax paid by Bulifants Senior Independent Living Apartment residents

$PPT/V_{BU}$  = Personal property tax per vehicle for each unit type at Bulifants Senior Independent Living Apartments

$V/HH_{BU}$  = Vehicles per household for each unit type at Bulifants Senior Independent Living Apartments and

$HH_{OBU}$  = the number of occupied households for each unit type at Bulifants Senior Independent Living Apartments

$$PPT/V_{BU} = PPT/V_Y \times (VPNO_{IBU}/VPNO_{IY} \times (VPNO_{A65}/VPNO_{US}))$$

Where,  $PPT/V_Y$  = Average personal property tax per vehicle for all York County Households

$VPNO_{IBU}$  = Vehicle purchase net outlay for each type of Bulifants Senior Independent Living Apartments unit income level and

$VPNO_{IY}$  = Vehicle purchase net outlay for households at mean income for York County

$VPNO_{A65}$  = Vehicle purchase net outlay for households age 65 years and older

$VPNO_{US}$  = Vehicle purchase net outlay for households all ages at the income level equal to the average income of households age 65 years and older

and

$$V/HH_{BU} = \{V/HH_{IBU} \times [(VHH_R/V/HH_Y) \times (VHH_Y/VHH_{ISCEY}) \times V/HH_{65}/V/HH_{US}]$$

Where,  $V/HH_{IBU}$  = Vehicles per household for each type of Bulifants Senior Independent Living Apartments unit income level

$VHH_R$  = Vehicles per household for renter households in York County

$VHH_Y$  = the average number of vehicles per household in York County

$VHH_{ISCEY}$  = the average number of vehicles per household calculated using the CES data for York County's mean income

$V/HH_{65}$  = vehicles per household for households 65 years and older

$V/HH_{US}$  = vehicles per household for all ages at the income level equal to the average income of households age 65 years and older

### User fees and other miscellaneous revenue

Certain user fees (the local portion of the communications sales tax remanded by the Commonwealth, the utility consumption tax, dog license fees, civil and a small portion of criminal fines, concealed weapons permit fees, plus the civil portion and a percentage of the criminal portion of the Clerk of Court excess charge) were based on revenues reported in the *Proposed Annual Budget* and calculated per household. It was assumed that The Bulifants Senior Independent Living Apartments target population will not be involved in the criminal justice system (as criminals) to any great extent. Thus, revenue from criminal fines and the portion of the Clerk of Court excess charge assigned to criminal activity was reduced by 97% for the Bulifants Senior Independent Living Apartments. This was based on data from the *Blackwell Encyclopedia of Sociology*.

The data stated that 80% of all crimes are committed by persons under age 40 and less than 1% of all crimes are committed by persons over 65, with victimization rates following similar (though not precisely the same) trends. Since the population at the Bulifants Senior Independent Living Apartments will be over 62, the percentage of this population associated with criminal activity would be closer to 1%. Taking a straight line projection approach, the incidence of involvement with criminal activity would increase by 0.75% for each year under 65.

Thus, taking the conservative approach of taking the highest predicted incidence of criminal activity involvement, the age group at the Bulifants Senior Independent Living Apartments would be involved in crimes handled by the York County criminal justice system only 3% of the time compared to the general population. Thus, variable revenues and costs associated with crime were reduced by 97% for this population. This percentage was adjusted to 75% for sheriff activity, however, in recognition that traffic offenses would not be as subject to reduction based on age and some patrol activity would take place at the Bulifants Senior Independent Living Apartments.

Civil fines were distinguished from criminal fines based upon the percentage of cases handled by the Clerk of Court and Commonwealth's Attorney as reported in the *York County Fiscal Year 2017 Adopted Annual Budget*. The percentage of civil cases was calculated as 67.49% of all cases. Thus, the amount of all court fines attributed to the Bulifants Senior Independent Living Apartments was calculated as 67.49% of fines plus 3% of the remainder (or 70.49% combined).

The per-household revenue to be received in FY 2017 from the Commonwealth as the local share of the communication sales tax was calculated. A portion of the remittance by the Commonwealth was assumed to be attributable to tax collections from businesses and, for the purpose of calculating the distribution between households and businesses, telecommunications bills of businesses were assumed to be five times the average residential household bill. (The methodology for distributing revenues between households and businesses is the same as for distributing costs and is explained below under "Cost Calculation"). The utility consumption tax was calculated on a per household basis.

Recreation and admissions fees, senior activity fee, charges for parks and recreation instruction classes, library fines and library copier charges were also based on revenues reported in the *Adopted Annual Budget*.

An adjustment was made for smaller household sizes for renters in the target age group when revenue is a factor of persons rather than households. This is reflected in the revenue per household calculations. This was done for clerk of court excess fees, concealed weapons fees, court and other fines, instructional classes, library copiers and recreation/admissions fees. The revenue per household for senior activity fees was adjusted to apply only to the number of households headed by persons 55 and older.

For the enterprise fund impact analysis, bi-monthly sewer fees that are received by the County as part of enterprise funds were calculated at rates stated in the County's Code.

Table A-1, on the following page, details the County's variable revenues, other than those derived from the direct levy of taxes on the development, revenues applied to the reduction of County costs (see the discussion below under "Cost Calculations") and revenues derived from spending by Bulifants Senior Independent Living Apartments households. It also shows revenues per Bulifants Senior Independent Living Apartments household.

Table A-1 York County Non-Direct Revenues from Households		
Item	Revenue	Revenue per Household
Clerk of Court Excess Fee	\$ 76,175	\$ 1.70
Communication Sales from State	\$1,275,000	\$36.15
Concealed Weapon Fees	\$ 10,000	\$ 0.22
Court and other Fines	\$ 55,575	\$ 1.24
Dog License Fees	\$ 45,000	\$ 1.63
Instruction Classes	\$ 45,000	\$ 1.00
Library Copier Fees	\$ 14,000	\$ 0.31
Recreation/Admission Fees	\$ 212,000	\$ 4.73
Senior Activity Fees	\$ 16,000	\$ 2.13
<b>Total</b>	<b>\$1,748,750</b>	<b>\$49.11</b>

Rounded to the nearest \$50

*Additional revenues generated by households*

Tax revenues generated by households are estimates of taxes paid by York County businesses due to purchases made by Bulifants Senior Independent Living Apartments residents. Purchases by Bulifants Senior Independent Living Apartments residents are estimated based upon their projected spending patterns. These spending patterns were estimated using CES data. Spending per household was obtained by income level and age of head of household (for hardware items, by tenure instead of age).

Household incomes were estimated for Bulifants Senior Independent Living Apartment residents based upon average monthly rents. Incomes were estimated using CES data on expenditures for rent and the percentage of renters in each income grouping. Expenditures for rent in the CES data are pro-rated by the percentage of renters in each income grouping so it is a question of working the calculations backward to derive the average expenditure for rent in each grouping. The average rent expenditure was then divided by the average household income in each income grouping to derive the percentage of income spent on rent.

Proposed rents at the Bulifants Senior Independent Living Apartments were then annualized and divided by the calculated average percentage of income spent on rent to obtain the estimated annual household income for each apartment unit type. It was calculated that Bulifants Senior Independent Living 1-bedroom apartment dwellers would be willing to spend 30% of pre-tax income on rent, while 2-bedroom apartment dwellers would pay 23.83% of pre-tax income on rent. This resulted in calculations of average incomes of \$28,400 for 1-bedroom apartment dwellers and \$42,800 for 2-bedroom apartment dwellers. However, since the maximum two-person household income limit for the Bulifants Senior Independent Living Apartments will be 60% of the Area Median Income for a two-person household, or \$33,840, this household income was used to estimate expenditures of 2-bedroom apartment dwellers.

Spending estimates per household were then adjusted to subtract spending that is predicted to occur outside York County so that only taxes associated with household spending that are new to the County are counted in the fiscal impact analysis. Normally, spending retained in a locality by its residents is assumed to be the inverse of retail leakage.

However, due to spending by tourists and the influx of shoppers from James City County and Williamsburg to big-box stores located in York County, the standard model for calculating leakage of retail spending does not work for the County. Building material, general merchandise and food and beverage establishments are particularly vulnerable to overestimation of spending in York by County residents. Also, grocery spending, as well, as spending at restaurants, is likely to spill over into neighboring jurisdictions as shoppers seek convenience and variety when making their shopping decisions.

Complicating the analysis is the fact Bulifants Senior Independent Living Apartments households will be located minutes from the County's border with James City County and several retail centers located in James City County including Lightfoot Marketplace, Williamsburg Premium Outlets and Williamsburg Pottery. Residents at the Bulifants Senior Independent Living Apartments will be much more likely to shop at these retail destinations than the typical York County resident.

Therefore, rather than a retail leakage model, a retail shopping gradient model was used to estimate the retention of Bulifants Senior Independent Living Apartment residents' retail spending in York County. The gradient model was calibrated to be sensitive to shopping decisions likely to be made by shoppers of the age and income level that will be found at the Bulifants Senior Independent Living Apartments.

The gradient model, briefly described, plots retail locations and their distances from the subject development. All other things held equal, it is assumed that shoppers are less likely to patronize competing retail outlets the farther the distance from their residence. Distance is measured in driving time and the propensity to shop at a given location is calculated as the reciprocal of the distance in minutes, with 1 minute given a weight of 1, 2 minutes a weight of 0.5, 3 minutes a weight of 0.33 and so on. Only the closest same store location is mapped and stores at which residents are unlikely to shop are either excluded or given a lower weight. Distance weighted scores are disaggregated by locality and summed for the host locality and all other localities. The sum of the host locality score divided by the sum of all distance weighted scores is the best estimate of the percentage of spending retained in the host locality.

Gradient models were developed for grocery spending, food away from home, non-food convenience goods, and shopping goods. Residents of the Bulifants Senior Independent Living Apartments were assumed to be less mobile (willing to travel) than most York County residents. The mapping of grocery stores was limited to an 8 minute drive time (with Trader Joe's being the exception) and mapping of neighborhood markets and gas station convenience stores (included in grocery spending) was limited to a 5 minute drive time. Markets were weighted 75% and convenience stores were weighted at 50%, as were higher end grocers. Stores with a substantial grocery section (such as Wal-Mart and Dollar General) were included.

For food away from home, fast food, QSR/casual dining, buffet and family style restaurant establishments were plotted within a seven minute drive time. Similarly, non-food convenience shopping locations were plotted within a seven minute drive time. Shopping goods locations were plotted over a radius that included the farthest retail node or mall with a unique store likely to be patronized by Bulifants Senior Independent Living Apartments residents, but not greater than 30 minutes.

Eight grocery stores or food outlets were identified within the Bulifants Senior Independent Living Apartments shopping area. One—Wal-Mart—is located in York County but was the closest store to the apartments. The other seven are located in James City County and include: Food Lion (near the Premier Outlets), Farm Fresh, Harris Teeter, Trader Joe's, Miller's Neighborhood Market, the Seven-Eleven in Lightfoot, and Dollar General. All James City County stores are located within the Richmond Road corridor in Lightfoot or Norge. Harris Teeter and Trader Joe's were given a weight of 0.5 (multiplied by the distance weight) due to a lower likelihood that households with low-moderate incomes would shop at those stores. Dollar General, Miller's Neighborhood Market and Seven-Eleven were given weights of 0.75 due to their more limited selections. Wal-Mart was given a weight of 1.5, reflecting the price-attractiveness of this store for low-moderate income households. The distance weighting methodology yielded an estimate of 42.92% of spending on food at home, ABC and tobacco expenditures remaining in the County.

The restaurants plotted are located in the Williamsburg Marketcenter, Cedar Valley Shopping Center, along East Rochambeau Road and along Richmond Road. The eleven closest restaurants are all located in York County, with a twelfth York County restaurant located at the edge of the drive time radius. Ten restaurants are located in James City County and five are located in Williamsburg. The distance weighting methodology yielded an estimated 76.55% of food and beverage spending away from home by Bulifants Senior Independent Living Apartments households remaining in the County.

For convenience goods shopping, five stores were identified within a seven minute driving time—Dollar Tree and Wal-Mart in York County and Dollar General, Seven-Eleven and Rite Aid in James City County. Wal-Mart was again given an additional weight of 1.5 due to its pricing and variety. The distance weighting methodology yielded an estimated 62.32% of convenience shopping by Bulifants Senior Independent Living Apartments households remaining in the County.

Four retail centers were identified as destinations for shopping goods purchases—Williamsburg Marketcenter (Ross Dress for Less), Wal-Mart, Williamsburg Premium Outlets and the Marquis Center (Kohls, Best Buy, Target, Dick's Sporting Goods). Three of these locations are located in York County. In addition to the distance weight, each location was weighted for selection and price-attractiveness. Ross Dress for Less was given a weight (multiplied by the distance weight) of 1.5. Wal-Mart was given a weight of 3. Williamsburg Premium Outlets was given a weight of 2 and the Marquis Center was given an a weight of 4 (one for each store). Patrick Henry Mall was assigned a 5% market capture factor, primarily to factor in Christmas and special occasion shopping.



The distance gradient model calculated that 85.84% of shopping goods purchases by Bulifants Senior Independent Living Apartments residents would take place in York County, after subtracting the 5% of spending in Newport News. Additionally, 100% of home goods and repair shopping was assumed to occur in York County, since both York County's Home Depot and Lowes are located within a two minute drive of the Bulifants Senior Independent Living Apartments. Seventy percent (70%) of total retail spending was assumed to be for convenience goods with 30% for shopping goods. Thus, excluding hardware store expenditures, 69.38% (the blended rate) of non-food retail spending by Bulifants Senior Independent Living Apartment residents was assumed to occur in York County. Accordingly, 42.9% of taxes derived from grocery spending, 76.55% of taxes derived from meals spending, 100% of taxes derived from home goods and repair spending and 69.38% of taxes derived from other retail spending were assumed to be received by York County (with the remainder received by other surrounding localities).

No movie theaters are located in York County and no admissions tax is levied by the County.

#### Other Revenues

No solid waste revenues were calculated for the Bulifants Senior Independent Living Apartments as apartments are served by private waste haulers who pay tipping fees outside York County. Sewer maintenance fees were calculated according to rates supplied by the York County Utilities Department.

#### Cost Calculations

Costs were variable operating costs of government per household. No capital costs were assumed as adequate infrastructure is presumed to exist or will be installed by the developer and the single building development will not increase the volume of police patrols or create the need for a new fire station or fire equipment. Cost data and assumptions were derived from the *York County Fiscal Year 2017 Adopted Annual Budget*.

Per household variable costs were calculated for various budget line items. State revenues supporting various budget line items were deducted to leave only the County's operating cost. Certain government functions, such as social services, that would not serve the Bulifants Senior Independent Living Apartments population were not included in the calculations.

Since sewer and water already exist to the site and the development is presumed to be served by an existing private sewer pump station, at this point, the Bulifants Senior Independent Living Apartments will not result in any increased maintenance of the County's sewer system. Therefore, County sewer maintenance variable costs are not counted as a fiscal impact.

The Bulifants Senior Independent Living Apartments will be served by existing stormwater infrastructure. Therefore, variable costs associated with stormwater maintenance were not included as costs to the County attributable to the Bulifants Senior Independent Living Apartments.

Chief executive and legislative functions, as well as certain special purpose functions, which would be performed regardless of population size, were not included in the calculations. With regard to administrative support services, only that percentage proportional to the variable cost share of all costs was included in the calculations.

When calculating the variable per household cost of public services, some public services are consumed by households only and some public services are consumed by households and businesses (i.e., recreational services would be assigned completely to households, since businesses do not directly consume these services). For those public services that serve businesses and households, the costs generated by businesses and the costs generated by households must be distinguished.

Per household and per business variable operating costs were determined in the following manner. Business establishments and households were considered to be equal from the standpoint of generating public service costs, when both households and business establishments consumed those services.

A percentage of each service shared by households and businesses was allocated to households or businesses according to the following formula:

$$\begin{aligned}\% \text{ allocated to households} &= \# \text{ households} / [\# \text{ households} + \# \text{ businesses}] \\ \% \text{ allocated to business} &= \# \text{ businesses} / [\# \text{ households} + \# \text{ businesses}]\end{aligned}$$

Per household costs were then determined according to the following formula:

$$\begin{aligned}\text{Expenditure per household} &= \\ &[\text{Expenditure}] \times [\% \text{ allocated to households}] / \# \text{ of households}\end{aligned}$$

Per business costs were determined according to the following formula:

$$\begin{aligned}\text{Expenditure per business} &= \\ &[\text{Expenditure}] \times [\% \text{ allocated to business}] / \# \text{ of businesses}\end{aligned}$$

Governmental functions with variable costs that serve both households and businesses were:

- adult civil justice (Clerk of Circuit Court, General District Court and Sheriff), since civil suits are engaged in by businesses as well as persons
- Commissioner of the Revenue and Treasurer (both businesses and households are taxed)
- E-911 Operations, and the Emergency Services component of Fire & Rescue (response events occur at businesses and households)
- Fiscal Accounting, Human Resources and Purchasing (which support all County governmental functions) and
- Sheriff protective services.

Government functions for which the Bulifants Senior Independent Living Apartments population would generate no significant demands but would otherwise generate variable costs were then excluded. These included:

- Children and Family Services Fund
- Community Services Special Programs
- Health Services
- Housing Rental Assistance
- Housing Rehabilitation
- Human Services
- Public Schools, including Sheriff School Resource Officer
- Water and Sewer Extension and
- Youth recreation programs.

While Bulifants Senior Independent Living Apartment residents will have low-to-moderate incomes, they are not expected to be very-low-income households served by Community Services, Human Services or Housing Rental Assistance, nor are their incomes expected to be low enough to qualify for Medicaid and use County Public Health Services. Similarly, programs directed at children and youth will not serve Bulifants Senior Independent Living Apartment residents.

Government functions that would be performed regardless of population size were excluded. These functions are listed below and on the following page:

- the chief executive and legislative functions of the County
- Budget and Financing
- Capital Outlay
- Central Administrative Services
- Central Insurance
- Colonial Behavioral Health Contribution
- the Colonial Group Home Commission
- Community Development Authority Fund

- Community Services Administration
- Comptroller (Financial Administration)
- Computer Support
- County Attorney
- Debt Service
- Economic Development
- Emergency Management
- Environmental/Development Regulation (Building Regulation, BOZA, Compliance, Wetlands)
- Fire & Rescue Administration, Technical Services & Special Operations, Prevention and Community Safety
- General Services (including Building Maintenance)
- Housing Administration
- Human Services Payments to Outside Agencies
- Law Library
- Litter Control
- Mosquito Control
- Non-departmental
- Planning
- Public Information and Community Services
- Public Transportation
- Regional Radio Project Fund
- Sheriff General Operations
- Stormwater Engineering
- Tourism
- Video Services
- Yorktown Capital Improvements
- Yorktown Operations

Various adjustments were made to expenditure line items to arrive at the County's variable cost of providing public services. First, fixed costs were removed from budget line items. This included costs for senior and middle management personnel (essentially department heads and assistant department heads), as well as some specialized positions filled by only one employee. Since budget detail is no longer available in publicly available versions of the County's *Adopted Budget*, personnel costs for these positions were estimated at between 1.5 and 2 times the average personnel cost for the subject department. The multiple was determined based on department size and reasonableness of the estimate, realizing that such estimates are approximate.

Certain other expenses which had been detailed line items in past County budgets were estimated using current budget categories. "Other expenses" was assumed to contain such variable costs as printing and postage and was counted fully as a variable cost, as was the "materials and supplies" category. "Contractual services" and "capital outlay" were assumed to contain fixed cost expenses. The "internal services" category within departmental budgets was not counted as these charges were calculated separately (see below).

For the Electoral Board, only Registrar personnel and as-needed Electoral Board personnel were included. (This information was obtained from a prior year budget and pro-rated for change in the personnel cost category.) Other expenses and materials and supplies costs were averaged over a four-year period to account for fluctuations due to election cycles. For Parks and Recreation, 50% of variable costs were assigned to park and facility maintenance, which must be performed regardless of variations in use and, thus, were excluded as a fixed cost. For Animal Control, the entire cost of the County's participation in the Peninsula Regional Animal Shelter, which was assumed to be calculated on a usage basis, was included.

Revenues from the Commonwealth and certain other sources were deducted to leave only the County's locally funded operating costs. This procedure was applied to the following line items:

- Clerk of Circuit Court
- Commissioner of the Revenue
- Commonwealth Attorney
- E-911
- General Registrar/Election Board
- Sheriff and
- Treasurer.

Additionally, grants and program income were deducted, including reimbursement for Commonwealth Attorney charges; court appointed attorney fees; EMS service fees; Four-for-life and Commonwealth fire protection grants; library grant and e-rate funds; parks and recreation fees and program income; Poquoson and Williamsburg contributions to E-911, state and federal e-911 grants, and E-911 other recovered costs; Sheriff's fees, administration fees and special fees, and Williamsburg public safety contributions; domestic violence program grant; and the victim-witness program state grant.

When revenues were deducted from costs, the reduction in cost was distributed among fixed and variable costs. Only that portion of revenues defraying costs assigned to variable costs was actually deducted from costs. The formula for distributing revenues and calculating costs is displayed below:

$$NVC = VC - (R * (VC/TC))$$

Where NVC = Net Variable Costs (variable costs after revenue is deducted)

VC = Variable Costs (prior to revenue deduction)

R = Revenue

TC = Total Cost (variable and fixed costs)

The variable costs of certain court and criminal justice functions were adjusted to take into account the rarity with which Bulifants Senior Independent Living Apartments residents could be expected to be “on the wrong side of the law” with respect to these functions. It was assumed that The Bulifants Senior Independent Living Apartments target population will not be involved in the criminal justice system (as criminals) to any great extent. The variable cost of activities associated with preventing, apprehending, prosecuting or punishing criminal activity was reduced by 97% for the Bulifants Senior Independent Living Apartments. This was based on data from the *Blackwell Encyclopedia of Sociology*.

Variable costs for public safety, judicial and corrections were accordingly adjusted. Where a function includes both civil and criminal components, these were distinguished and the criminal activity reduction was applied to those costs associated with criminal activity. The percentage of civil actions handled by the Clerk of Court (63.82%) was applied to retain those Clerk of Court variable costs associated with civil actions and 97% of the remaining cost (associated with criminal actions) was deducted.

The same formula was applied to variable General District Court costs, with 83.23% of that that court’s cases being civil cases. Circuit Court expenses were excluded as this court handles primarily criminal cases. For Juvenile and Domestic Court variable costs, only the percentage of variable costs associated with domestic misdemeanors (21.13%) were counted. Commonwealth Attorney variable costs were reduced by 97% using the same rationale. The Sheriff’s department activities were divided into two components—law enforcement and civil operations/court security. Because law enforcement includes traffic enforcement (for which Bulifants Senior Independent Living Apartments residents will be subject), 25% (rather than only 3%) of variable costs were counted for this component. Twenty-five percent (25%) of variable costs for the latter component were assumed to be for providing court security (a fixed cost) and were deducted. Costs for Adult and Juvenile Corrections were excluded since the Bulifants Senior Independent Living Apartments are not expected to increase York County’s average daily population at the Regional Jail.

Certain administrative support functions, shown in the *Adopted Budget* as an internal cost line item but also in the Internal Service Funds budget, are substantially fixed costs (since they must be provided) but have a variable cost component (since they serve County functions that incur variable costs from household growth). This variable cost component was calculated to be 43.72% of the costs for these support functions, with this percentage applied to the internal services functions’ variable costs only. The variable cost percentage was calculated dividing variable cost personnel costs by all personnel costs in the County General Fund budget. These administrative support functions are: Central Administrative Services, Fiscal Accounting, Fleet Services, Health Insurance, Human Resources, Insurance, Purchasing, and Workers Compensation.

Table A-2 on the following page details the County’s variable cost expenditures per household. Additionally, variable costs associated with the County’s Real Estate Assessor were calculated on a per-parcel basis as \$15.93 per assessed parcel.

Table A-2  
York County Non-School Expenditures per Household  
Fiscal Year 2017 Adopted Annual Budget

Item	Variable Cost Expenditure	Expenditure per Bulifants Senior Independent Living Apartments Household	Notes
Animal Control	\$ 200,500	\$ 7.26	
Central Administrative Services	\$ 44,325	\$ 1.52	43.72% variable cost
Clerk of Circuit Court	\$ 223,250	\$ 4.11	Excludes costs paid by Commonwealth; based on civil cases and 3% of criminal cases
Commissioner of the Revenue	\$ 799,325	\$ 27.44	Excludes costs paid by Commonwealth.
Commonwealth Attorney	\$ 387,825	\$ 0.21	Excludes costs paid by Commonwealth; based on civil cases and 35% of criminal cases
Domestic Violence Program	\$ 20,075	\$ 0.29	Reduced to account for % of 2-person elderly households
Electoral Board	\$ 238,025	\$ 8.62	Excludes General Registrar costs paid by Commonwealth.
Emergency Communications/911	\$ 1,914,500	\$ 35.23	Excludes costs paid by Commonwealth. Adjusted for household size
Fire and Rescue	\$ 4,024,500	\$ 78.17	Excludes costs paid by EMS reimbursement. 50% deduction for fixed cost of fire protection.
Fiscal Accounting	\$ 234,575	\$ 8.05	Adjusted for household size.
Fleet Services	\$ 2,993,425	\$102.75	43.72% variable cost
General District Court	\$ 24,075	\$ 0.44	43.72% variable cost
Health Insurance	\$ 3,937,325	\$135.15	No personnel costs; based on civil cases and 3% of criminal cases
Human Resources	\$ 238,350	\$ 8.18	43.72% variable cost
Insurance	\$ 187,850	\$ 6.45	43.72% variable cost
Juvenile & Domestic Relations Court	\$ 1,250	\$ 0.02	No personnel costs. Domestic cases only.
Library	\$ 1,672,225	\$ 30.77	Adjusted for household size.
Parks & Recreation Operations	\$ 650,650	\$ 12.64	Excludes administration. 50% reduction for parks.
Purchasing	\$ 134,900	\$ 4.63	43.72% variable cost
Sheriff	\$ 1,772,750	\$ 32.62	Excludes costs paid by Commonwealth; based on civil cases and 3% of criminal cases.
Treasurer	\$ 550,600	\$ 18.90	Adjusted for household size.
Victim-Witness Program	\$ 126,450	\$ 2.46	Excludes costs paid by Commonwealth
Workers Compensation	\$ 111,875	\$ 3.84	Excludes costs paid by state grant.
Total	\$20,488,625	\$529.75	Adjusted for household size.

Rounded to the nearest \$25